

Equity in transportation fees, fines, and fares in metropolitan Chicago

October 26, 2021



Today's presentation

1. Project development
2. Existing equitable mobility challenges
3. Key findings
4. Opportunities to advance equity

Project development





**Inclusive
Growth**



Resilience




**Prioritized
Investment**

Challenge: implementing and supporting metropolitan planning functions

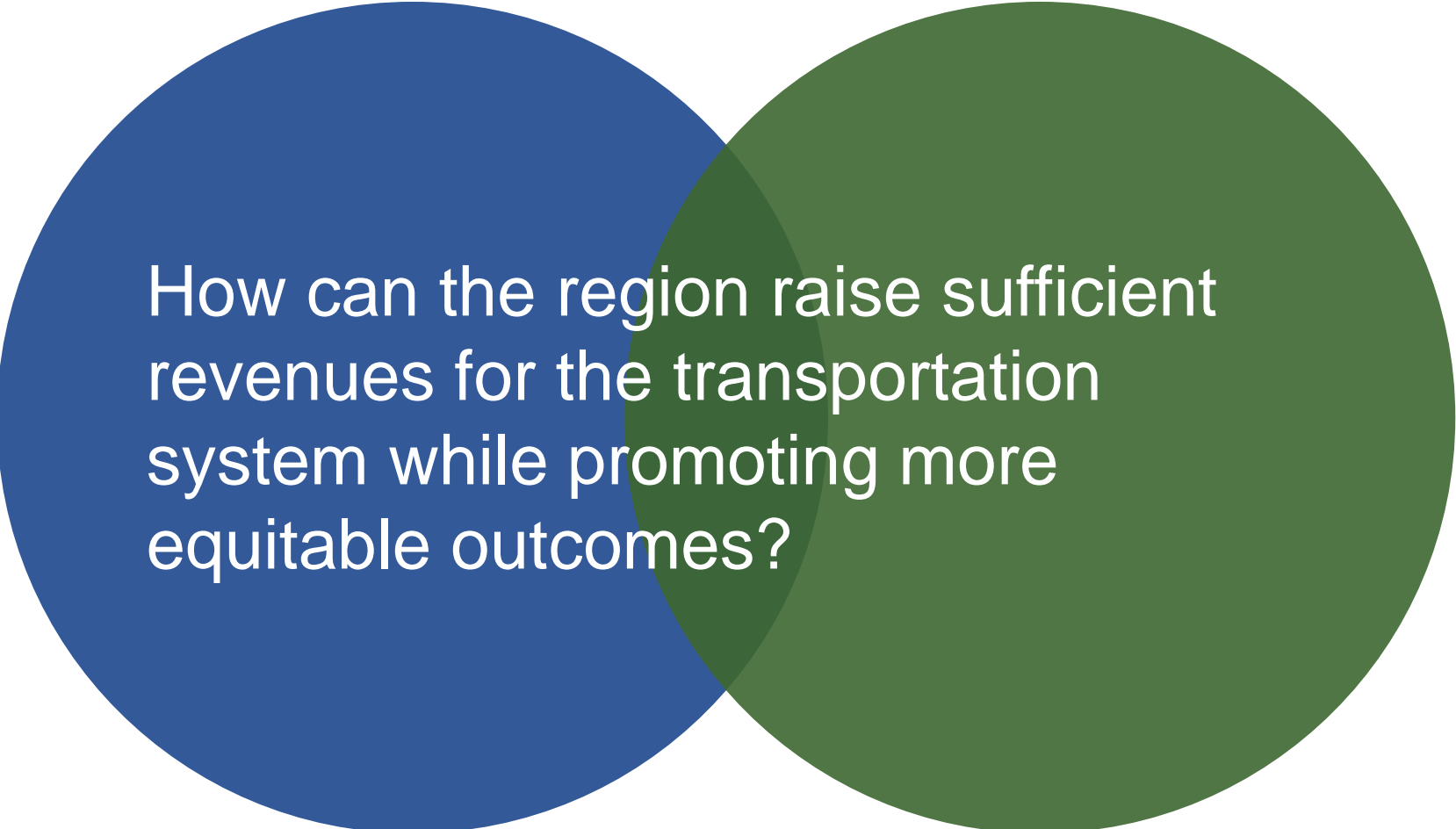


Supporting
inclusive
growth



Ensuring full
funding for the
transportation
system

Challenge: implementing and supporting metropolitan planning functions



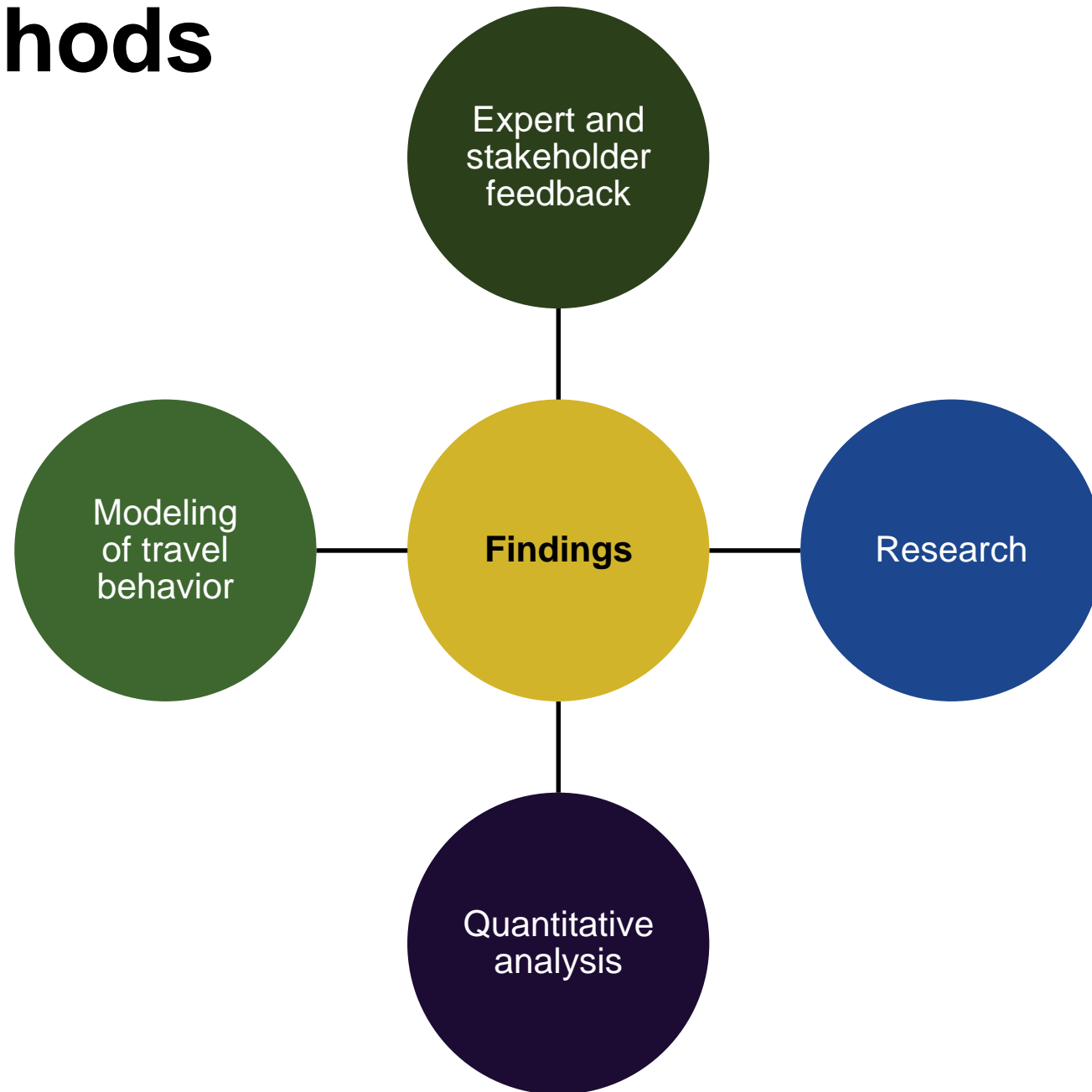
How can the region raise sufficient revenues for the transportation system while promoting more equitable outcomes?

Project goals

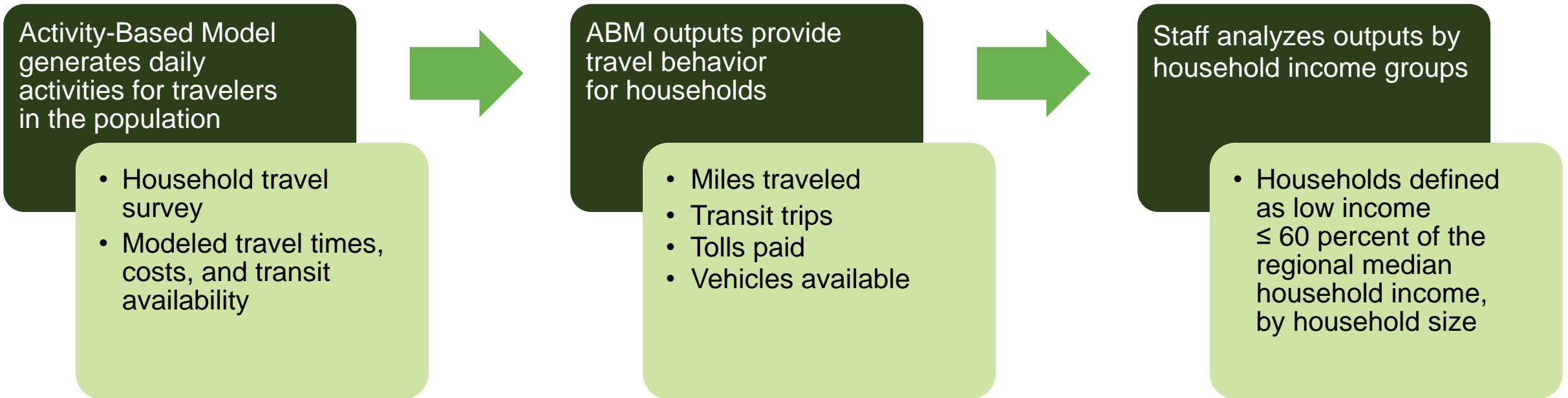
Assess how fees, fines, and fares impact residents with low income

Recommend policy changes to improve equity while balancing the need to meet transportation revenue goals

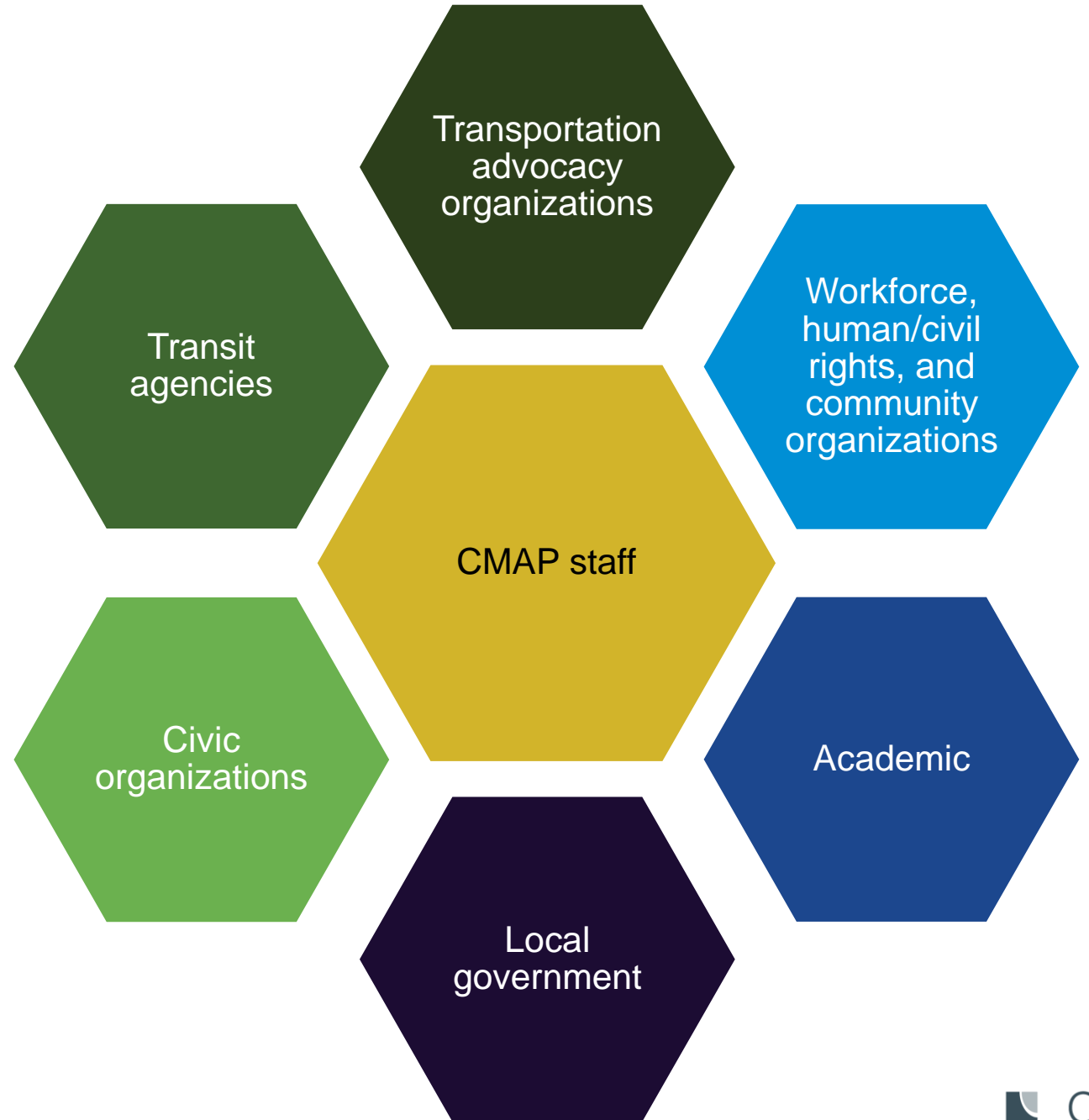
Analytical methods



How did we model the impacts of fees and fares?



CMAP convened partners to provide expertise



Which fees, fines, and fares?



Motor
vehicle
registration



Motor fuel
tax and road
usage charges



Tolling



Fares for
public transit



Parking



Traffic and
parking
violation fines



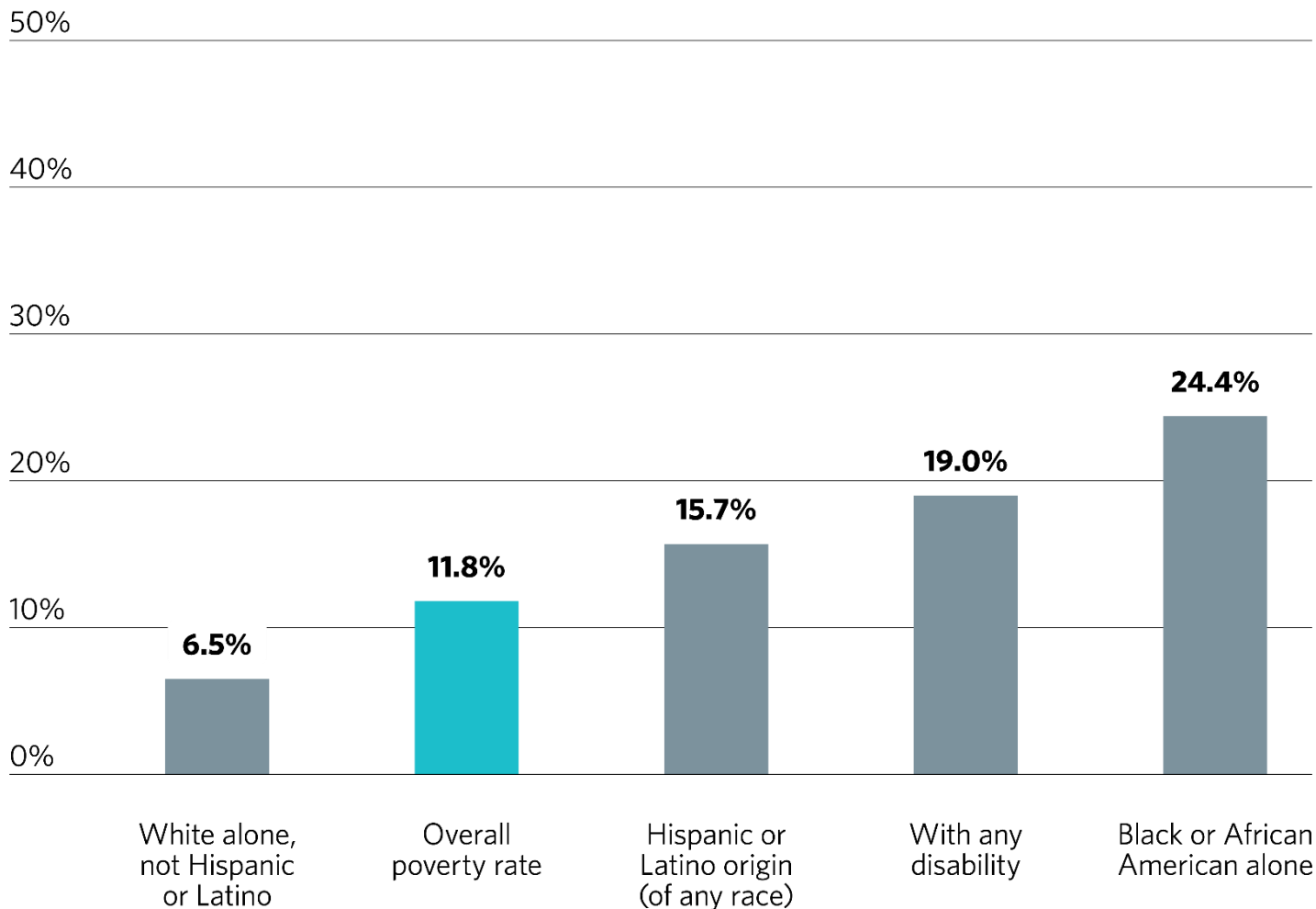
Rideshare fees

Existing equitable mobility challenges



Nearly 12% of residents live in poverty

Proportion of residents living below the federal poverty level, selected categories, Chicago-Naperville-Elgin, IL-IN-WI Metropolitan Area, 2019



Note: Selected categories are not mutually exclusive.

Source: Chicago Metropolitan Agency for Planning analysis of American Community Survey 5-year estimates, 2019.

**People in poverty
struggle to pay
basic expenses**

**Transportation costs are
unaffordable for many
households with low income**

**Communities with low income
tend to have higher commute
times in metropolitan Chicago**

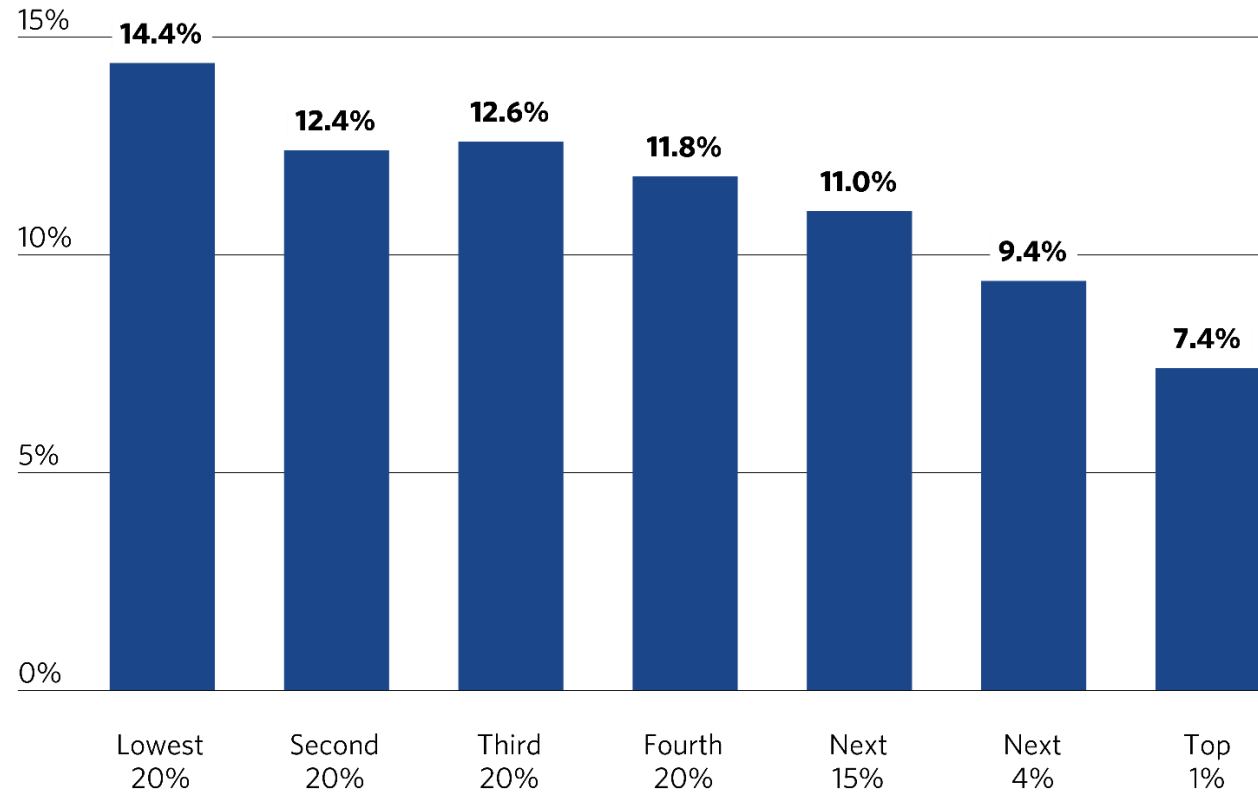
**Transportation funding,
particularly for transit,
is insufficient to meet
mobility needs**

Key findings



Fees and fares are one piece of Illinois' overall regressive tax burden

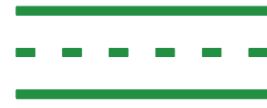
Total tax burden as a share of family income, Illinois, 2018



Source: Institute on Taxation and Economy Policy, Who Pays, October 2018, <https://itep.sfo2.digitaloceanspaces.com/whopays-ITEP-2018.pdf>.

**Average vehicles owned
and miles driven for
northeastern Illinois
households, by income group**

Average miles driven per weekday



20 miles

Low income



42 miles

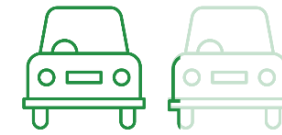
Medium income



53 miles

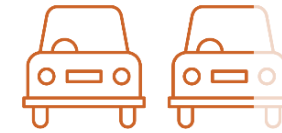
High income

Average vehicles available



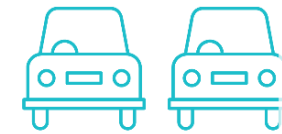
1.1

Low income



1.7

Medium income



1.9

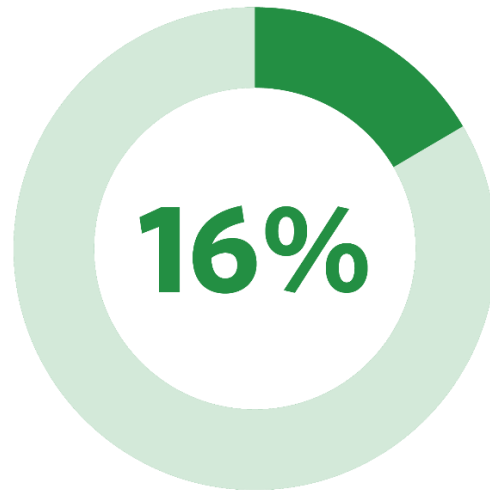
High income

Source: Chicago Metropolitan Agency for
Planning analysis of U.S. Census data and
CMAP Activity-Based Model.

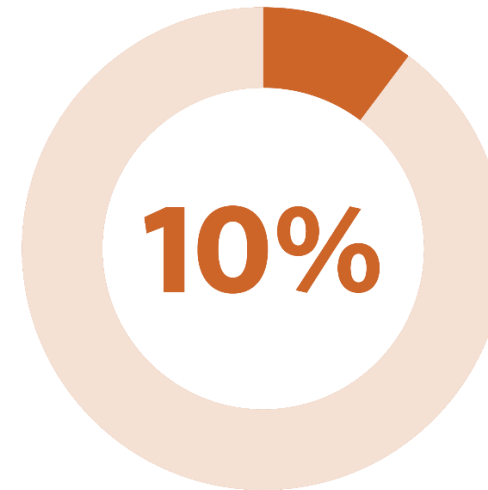
**Costs of driving remain a burden
for households with low income
that lack mobility options**

Households with more income dedicate less of their income to transportation costs

**Transportation expenditures
as a percent of income,
Chicago-Naperville-Elgin,
IL-IN-WI Metropolitan
Area, 2018**



Low income



Medium income



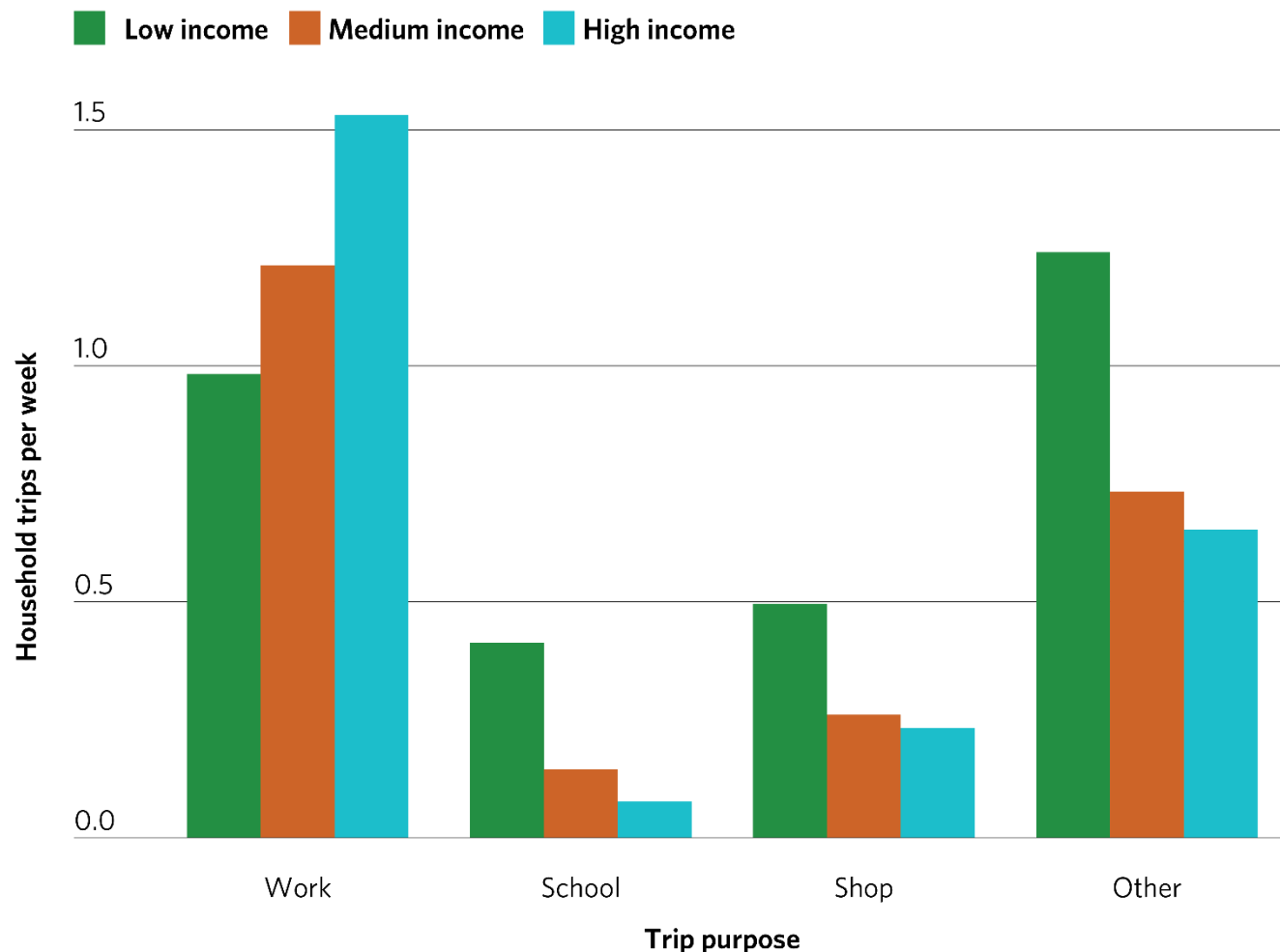
High income

Note: Incomes used are the mean for each income bracket. Income cutoffs are in the Methodology appendix. Consumer unit sample sizes: high: 195; medium: 183; low: 187.

Source: Chicago Metropolitan Agency for Planning analysis of 2018 Consumer Expenditure Survey microdata, US Department of Labor, Bureau of Labor Statistics.

Households with low income are more likely to use transit for daily activities

Number of modeled transit trips per household for a Monday through Friday week, CMAP region, by trip purpose

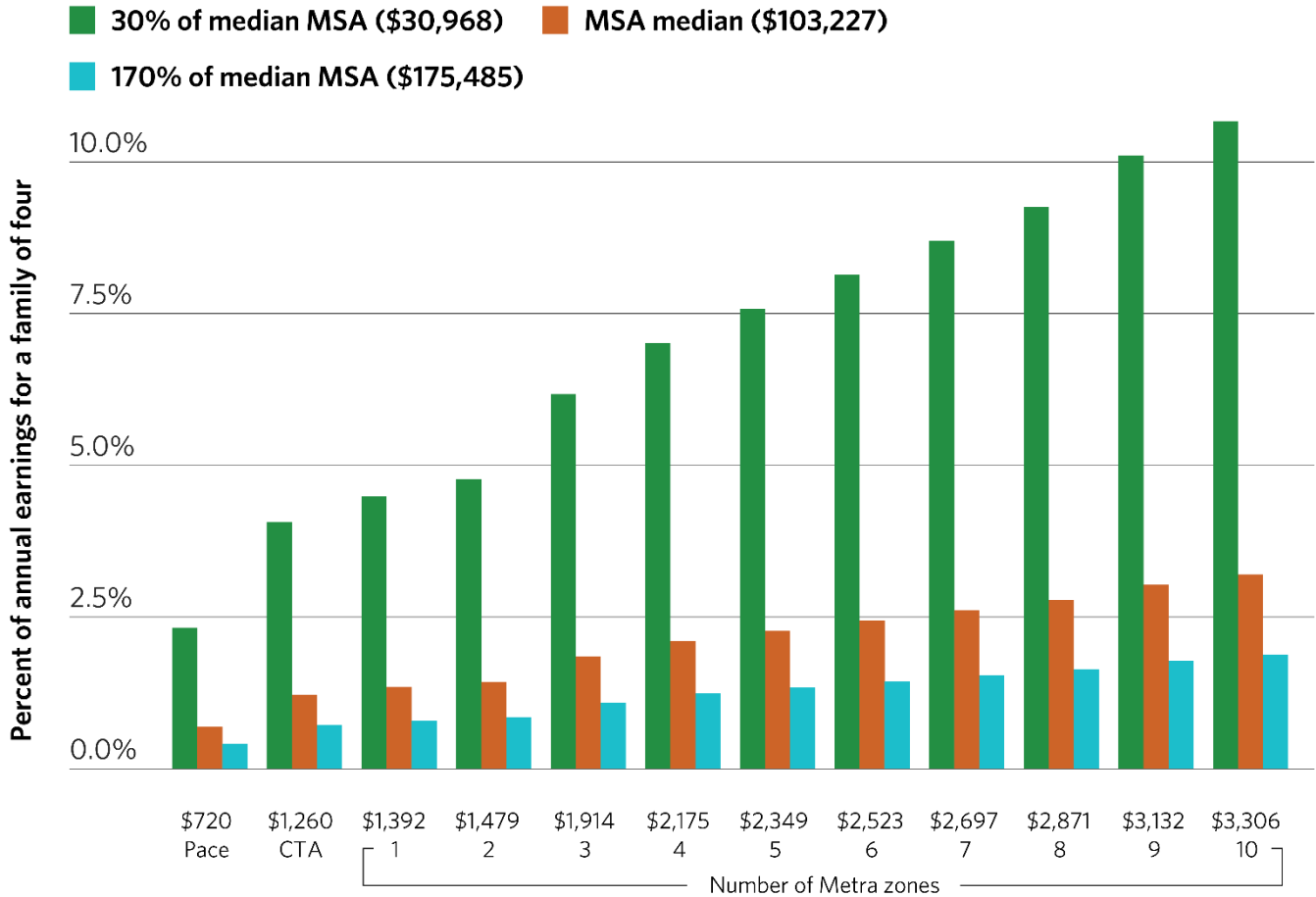


Source: Chicago Metropolitan Agency for Planning Activity Based Model.

Note: Income categories are detailed in the Methodology section. "Other" category includes activities such as medical appointments, dining out, and other trips taken for the purpose of recreation and socializing.

A transit monthly pass comprises a large share of earnings for those with low income

Annual cost of transit monthly pass as a percent of annual earnings for a family of four, for CTA, Pace, and Metra (by zone) and income



Note: Income selected here for illustrative purposes are near the midpoint for each income bracket used in this analysis.

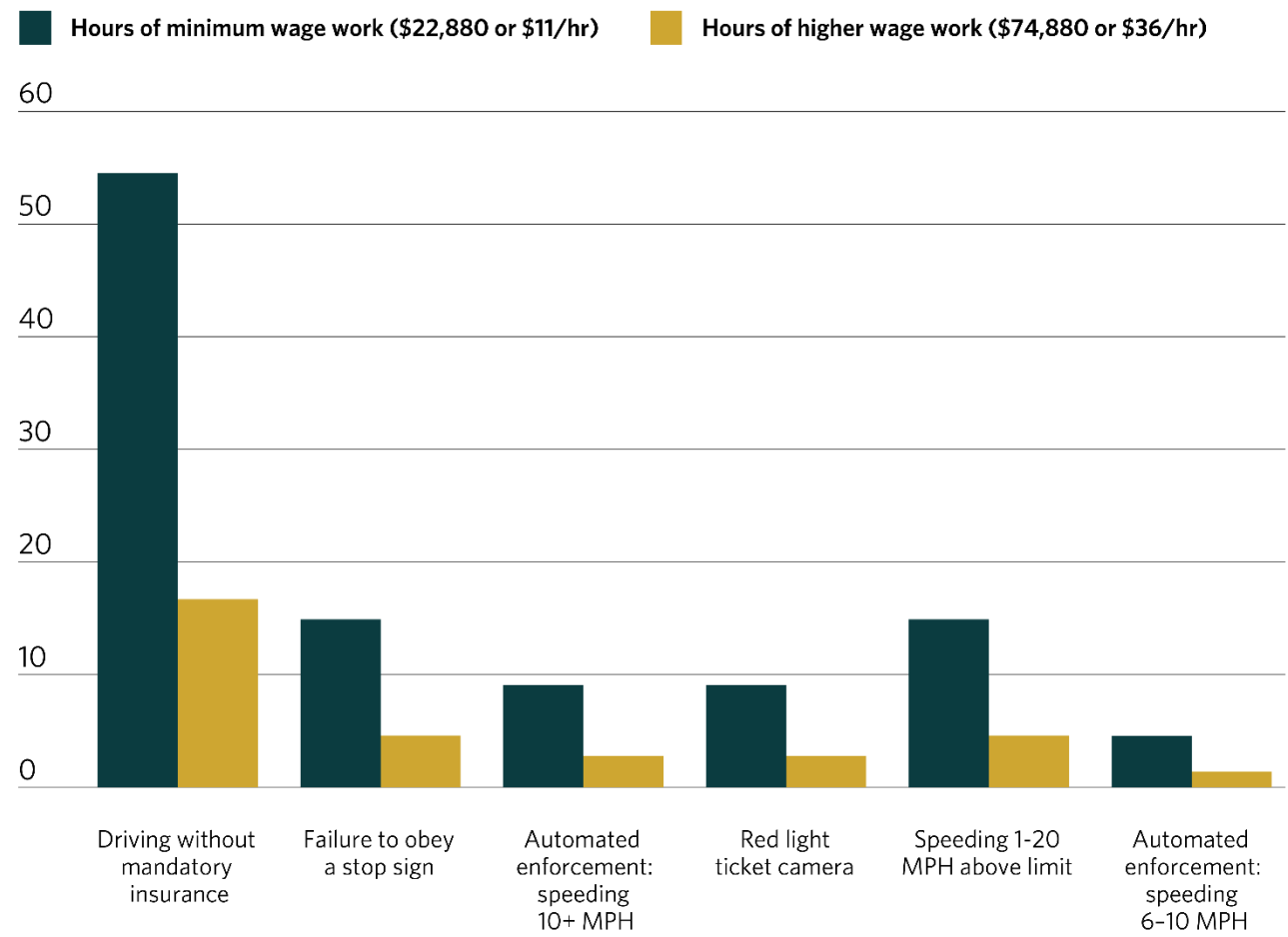
Source: Chicago Metropolitan Agency for Planning analysis of American Community Survey data for the Chicago MSA, 2014-2018 estimates and CTA, Pace, and Metra fare policy.

Fines are a larger share of wages for households with low income

Hours of work required to pay select traffic violations of Illinois Vehicle Code

Note: The Illinois minimum wage is \$11 per hour as of January 1, 2021. Current statute has the Illinois minimum wage increase each year until it reaches \$15 per hour in 2025, pursuant to Public Act 101-0001.

Source: Chicago Metropolitan Agency for Planning analysis of Illinois Department of Labor, Hourly Minimum Wage Rates by Year, and Illinois Vehicle Code (625 ILCS 5).



Traffic fines can compound to become a source of financial hardship

- Debt spiral and bankruptcy
- Tax garnishment
- Vehicle impoundment
- Employment restrictions
- Credit score damage

Opportunities to advance equity

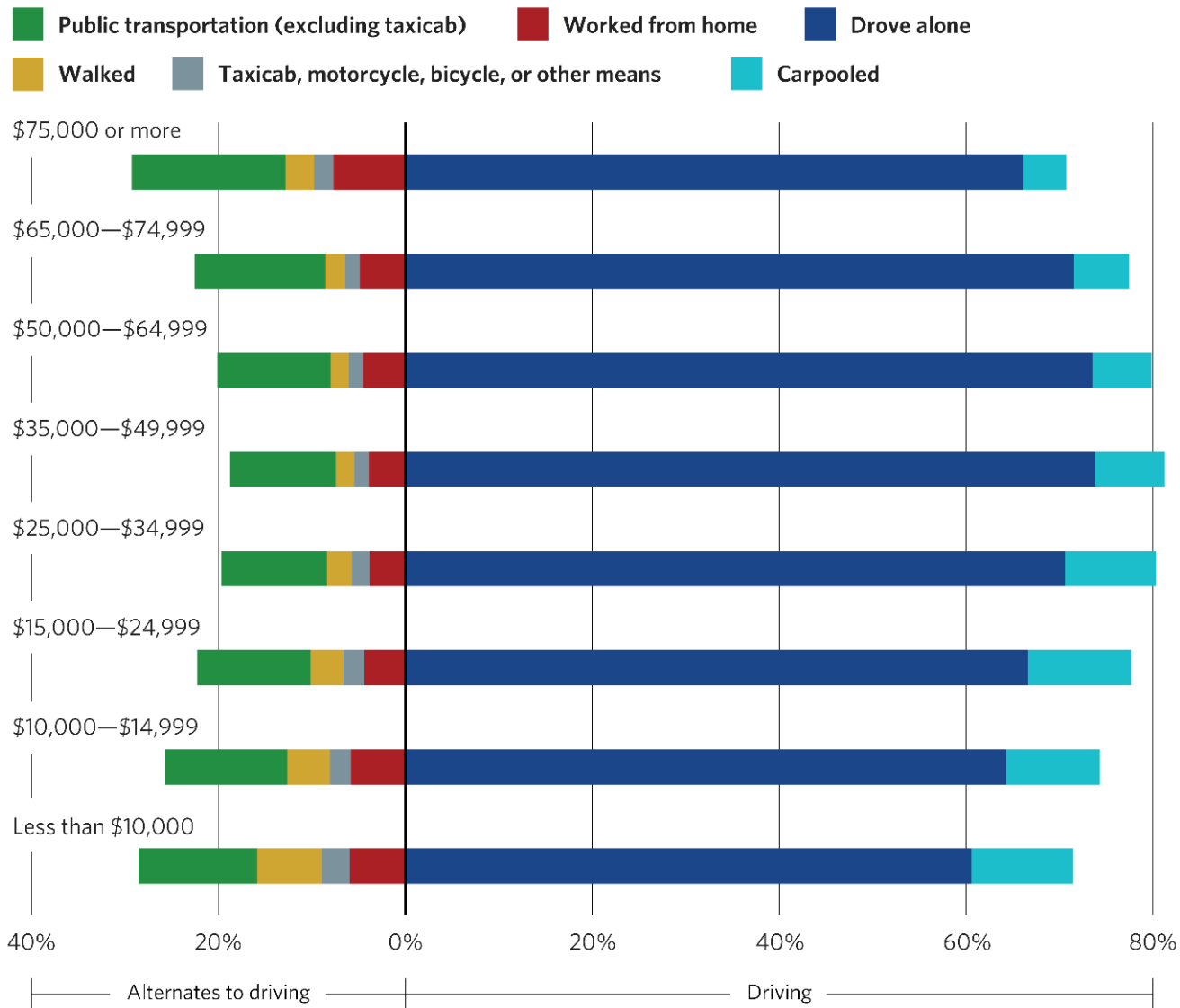


Recommendations

Improve mobility options	Invest in transit, and bicycle and pedestrian access
Implement progressive tax strategies	Options include increasing exemptions, increasing or expanding the state earned income tax credit, or implementing graduated rates
Affordable transportation fees	Reduced transit fare permits and vehicle registration fees, vehicle registration based on vehicle value, TNC fees to support transit
Increase access to cost-saving tools	Transit Benefit Program, Ventra access, I-PASS transponders, future user fees
Pilot fee and fare coordination	I-PASS accounts access, one-stop state and local vehicle registration fee collection, full fare integration across service providers
Residents and delivery drivers parking	Reduced transaction fees for short-term parking, payment options for drivers without credit cards
Fine reform	Income-based fines or waivers, assess appropriateness of fine levels, report impacts with an equity lens, offer alternatives, collection practices, end employment prohibitions

Improve mobility options

Mode share by worker earnings, CMAP region, 2015-2019

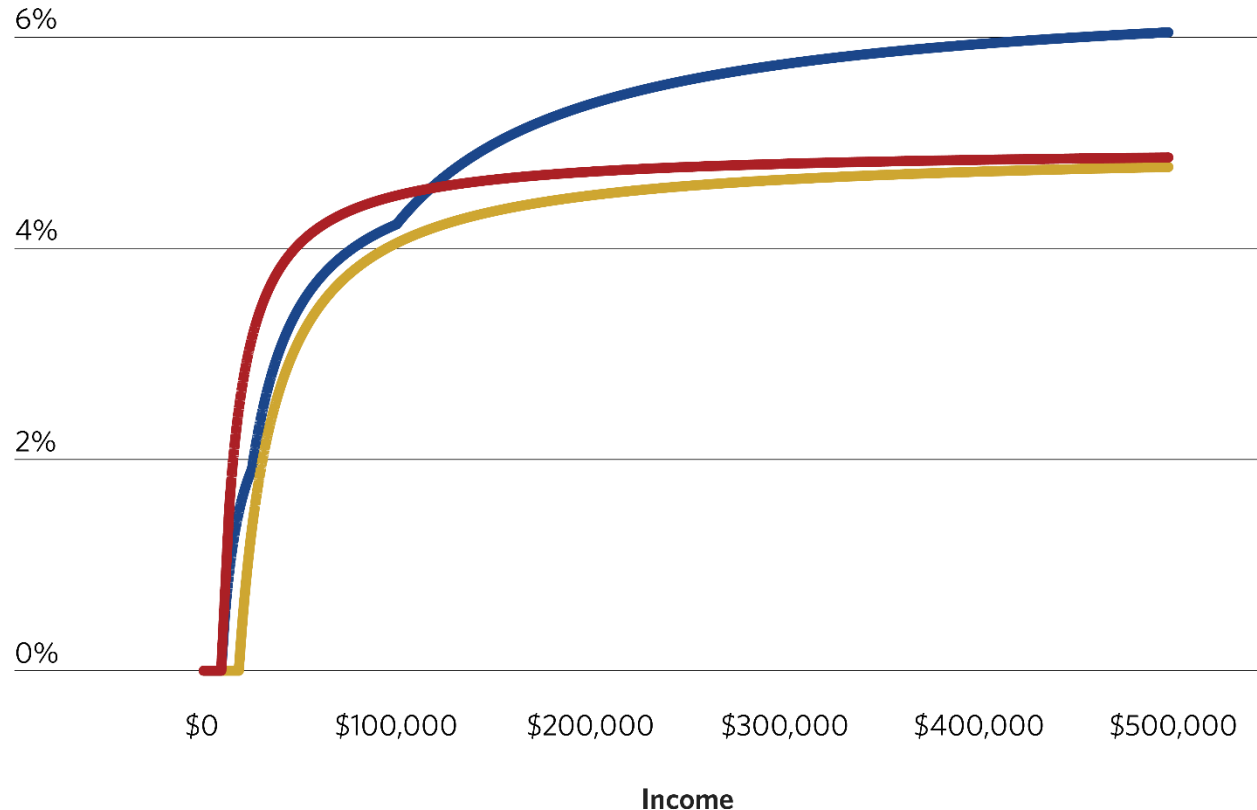


Source: Chicago Metropolitan Agency for Planning analysis of American Community Survey 5-year estimates for 2015-2019.

Implement progressive tax strategies

Illinois income tax strategy scenarios for a family of four

- Current rate with exemptions
- Current rate with increased exemptions
- Average tax rate under example graduated rates



Note: The example graduated rates scenario would tax income under \$25,000 at 3 percent, income between \$25,001 and \$100,000 at 5 percent, and income above \$100,000 at 6.5 percent. The example increased exemptions scenario would double the current exemption to \$4,550.

Source: Chicago Metropolitan Agency for Planning analysis.

Make transportation fees more affordable for households with low income

- Expand reduced fare permits
- Expand reduced vehicle registration fees
- Base vehicle registration fees on vehicle value
- Ensure any new TNC fees support regional transit goals

Improve access to lower-cost tools for households with low income

- Encourage employers to participate in the Transit Benefit Fare Program
- Bolster efforts that help riders utilize Ventra
- Develop a lower-cost alternative to I-PASS transponders
- Waive any road usage charge equipment cost

Pilot initiatives that coordinate fee and fare collection

- Increase availability of I-PASS accounts, including to unbanked households
- Allow local vehicle fees to be paid at the Illinois Secretary of State office
- Implement full fare integration across service providers

Implement traffic and parking violation fine reform

- Integrate ability to pay through income-based fines or ability to pay waivers
- Assess appropriateness of fine and late fee amounts
- Report ticketing outcomes and impacts with equity lens
- Offer alternatives to monetary fines
- Improve repayment plans and collection practices
- End employment prohibitions due to ticket debt

Lindsay Hollander
lhollander@cmap.illinois.gov

cmap.is/fees-fines-and-fares



Improving equity in transportation fees, fines, and fares

Findings and recommendations
for northeastern Illinois

